ABN: 52 009 173 611

Latrobe Magnesium to raise $1.4m in Placement and Share Purchase Plan

16 November 2011, Sydney Australia: Latrobe Magnesium Limited (ASX:LMG) has raised $402,500 in a placement to sophisticated investors on Tuesday 15 November at an issue price of $0.023 per share. LMG will raise an additional $1million via a Share Purchase Plan (SPP) for shareholders holding fully paid ordinary shares in LMG at the record date of 5pm EST on 15 November 2011.

The offer price will be at the same issue price as the placement, $0.023 per share, a 17% discount to the volume weighted average closing price of LMG securities over the past five days when sales were recorded. Under the SPP shareholders are able to apply for the purchase of share parcels for a minimum of $2,000 and any amount up to $15,000.

The SPP is fully underwritten to the amount of $1m by Calatos Pty Ltd.

"The SPP conducted at $0.015 in October last year was heavily oversubscribed and shareholders quickly realised in excess of 50% returns on this investment," said Latrobe Magnesium's Chairman David Paterson.

"We believe this offer will be just as appealing to shareholders with a steady stream of news expected leading up to the construction of the LMG plant over the next 18 months."

Funds raised from the SPP will be used for working capital including the bankable feasibility study for the Latrobe Magnesium project and commencement of exploratory work at LMG's Errida Creek rare earths project.

The offer comes after important progress in recent weeks including:

- Extension of LMG's fly ash agreement with Yallourn Power Station
- Signing of fly ash agreement with large German electricity supplier RWE Power AG
- Completion of pre-feasibility study and initiation of bankable feasibility study
- Granting of exploration licence for Errida Creek rare earths project, for which LMG has an option agreement to acquire a 100% interest.

Shares will be allocated under the offer as soon as practical after the closing date of 5pm EST on 7 December 2011 and in any case no later than 14 December 2011.

Enquiries:

David Paterson
Latrobe Magnesium Limited
02 9251 0400

Rudi Michelson
Monsoon Communications
03 9620 3333

About Latrobe Magnesium

Latrobe Magnesium is working to develop a magnesium production plant in Victoria's Latrobe Valley using its own patented extraction process. LMG intends to harvest magnesium metal from industrial fly ash which is currently a waste product of brown coal power generation.

LMG is undertaking a pre-feasibility study into the economics behind using a world-first process of combined hydromet / thermal reduction to extract the metal. The production facility will be in the heart of Victoria's coal power generation precinct, providing direct and constant access to feedstock.

Construction of the plant is due to start in March 2013 with initial production to begin a year later.

LMG plans to sell the refined product under long-term contracts to Australian users. Currently, Australia imports 100% of the 10,000 tonnes annually consumed.

Magnesium has the best strength-to-weight ratio of all common structural metals and is being increasingly used in the manufacture of car parts, laptop computers, mobile phones and power tools.

The LMG project is at the forefront of environmental sustainability – by recycling power plant waste that is otherwise discarded in landfill and by being a low CO^2 emitter.